

Message Text

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10

ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 L-03 JUSE-00 COME-00 TRSE-00 SS-20

NSC-07 INR-10 RSC-01 /064 R

DRAFTED BY EB/CBA/BP:GRPOWERS:VJW

APPROVED BY EB/CBA/BP:RJBUSHNELL

EA/J - WPIEZ (DAFT)

L/EB - MSPIEGEL (INFO)

JUSTICE - JDAVIDOW (INFO)

----- 038204

R 152202Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

LIMITED OFFICIAL USE STATE 101375

E.O. 11652: N/A

TAGS: ETRD, US

SUBJECT: ANTITRUST: MATSUSHITA ACQUISITION OF MOTOROLA

REF: TOKYO 5752, STATE 081273

1. JAPANESE EMBASSY COMMERCIAL MINISTER HARADA CALLED ON DEPT MAY 13 TO REQUEST INFORMATION AND USG REACTION CONCERNING PRESS REPORTS THAT ZENITH HAD OFFERED TO PURCHASE CERTAIN MOTOROLA COLOR TV FACILITIES. HARADA STATED GOJ HAS SENT MESSAGE TO EMBASSY INDICATING CONCERN THAT THIS OFFER MIGHT BLOCK OR DELAY MATSUSHITA PROPOSAL TO PURCHASE ALL MOTOROLA COLOR TV FACILITIES.

2., HARADA WAS ADVISED THAT DEPT CLOSELY FOLLOWING DEVELOPMENTS AND BELIEVES ZENITH OFFER IS NOT RPT NOT SERIOUS OBSTACLE TO MATSUSHITA PLANS. ZENITH OFFER COVERS ONLY TWO OF THREE MOTOROLA U.S. PLANTS, AND DOES NOT INCLUDE DISTRIBUTION CHANNELS OR TRADE NAMES. MOTOROLA HAS FORMALLY REJECTED ZENITH OFFER AS NOT MEETING JUSTICE REQUIREMENTS. IN ADDITION, MATSUSHITA AND MOTOROLA REPS
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MET WITH DEPT OF JUSTICE OFFICIALS SUBSEQUENT TO ZENITH

OFFER AND ADVISED JUSTICE THAT IN ORDER TO COMPLETE SALE ON MAY 28, THEY MUST BEGIN INVENTORY AND OTHER FINAL PREPARATIONS MAY 20. THEY REQUESTED SOME OPINION FROM JUSTICE BY MAY 17. JUSTICE STATED THAT UNTIL MAY 28 DEADLINE FOR RECEIPT OF ALTERNATE PURCHASE OFFERS, IT COULD

NOT PROVIDE ANY SOLID ASSURANCES BUT AS OF DAY OF MEETING JUSTICE HAD NO INDICATION OTHER OFFERS FORTHCOMING. JUSTICE REPEATED ASSURANCE THAT IF NO ALTERNATE ACCEPTABLE OFFERS RECEIVED BY MAY 28, IT WOULD NOT OPPOSE PLANNED ACQUISITION BY MATSUSHITA.

3. DEPT OFFICERS ALSO STATED TO HARADA THAT IN THEIR OPINION THE PURPOSE OF JUSTICE REQUEST FOR FURTHER SEARCH FOR ALTERNATIVE PURCHASERS WAS NOT TO PERMIT SALE TO ANOTHER COMPETITOR IN COLOR TV SECTOR BUT TO DETERMINE IF FIRM OUTSIDE THAT SECTOR MIGHT PURCHASE MOTOROLA FACILITIES TO BECOME NEW COMPETITOR IN MODERATELY CONCENTRATED FIELD. STATE BELIEVED JUSTICE WOULD HAVE TO TAKE HARD LOOK AT ANY OFFER FROM ZENITH, WHICH IS ONE OF TWO MAJOR FIRMS IN THE SECTOR. CONCENTRATION IN TV INDUSTRY AND NOT RPT NOT NATIONALITY OF PURCHASER IS AT ISSUE.

4. HARADA APPRECIATED STATE EXPLANATION AND OFFER TO PASS TO HIM PROMPTLY ANY NEW DEVELOPMENTS WHICH COME TO OUR ATTENTION. RUSH

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Message Attributes

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